

MANUFACTURING EXTENSION PARTNERSHIP

Success Stories from the Field

Sunrise Machine & Tool Inc

Minnesota Technology Inc.

Sales Soar At Sunrise Machine & Tool

Client Profile:

Sunrise Machine & Tool, Inc., located in the west central Minnesota city of Detroit Lakes, was established in 1972 by a tool and die maker as a stamping operation. The company expanded into water jet cutting, the manufacture of products to assist horse owners with the transfer of hay bales, feed, water buckets and other heavy items, and became a major regional market shareholder of assist lifts used to transfer patients in hospitals, nursing homes, and at home. In 2000 had a 65 percent market share in Minnesota and North Dakota and 35 percent in Wisconsin. The family-owned private business employs 27 people.

Situation:

Despite increasing demands for its lifts, Sunrise Machine & Tool (SMT)'s sales stagnated because it had no plan to duplicate its regional results in other areas, nor did it have the ability to manage increased performance through its independent sales representatives. Additionally, the company maintained high inventory levels because it ran large batch sizes to make efficient use of its machines. It did not have a formalized sales and marketing process or employee training program.

At the same time, SMT was planning several initiatives: the construction of a new \$2 million facility to eliminate existing bottlenecks and inefficiencies; the purchase of new Material Resource Planning (MRP) software; and the addition of major new product lines. SMT also planned to investigate the option of factory automation.

With several efficiency problems and a heavy roster of new initiatives, SMT asked Minnesota Technology, Inc. (MTI), a NIST/MEP network affiliate, for help.

Solution:

MTI partnered with a Masters of Business Administration student team from Moorhead State University to conduct a business assessment and prioritize SMT's most critical needs. The assessment led to an initial concentration on sales by suggesting that SMT focus on lifts and divest its job shop and other distractions. Other recommendations included hiring a chief financial officer (CFO) and production manager to implement inventory and financial controls, establishing an aggressive marketing program, and reducing product liability exposure through quality control and welder certification.

MTI conducted a software selection service and is helping SMT choose a package that increased the company's ability to track jobs and control inventory,

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product costing, finances, customer orders, purchasing, and system administration.

MTI worked with the Small Business Development Corporation on market research projects for SMT and provided marketing assistance and plan development to help clarify the company's issues concerning product positioning, product line review, promotions, and lead generation (reaching both institutional and home markets). The organization also conducted management system projects to improve SMT's organizational performance, particularly in establishing corporate goals and managing a sales system.

MTI trained SMT's employees in lean manufacturing principles and visual workplace organization. It led SMT through a value stream mapping exercise to outline a manufacturing improvement plan, and implemented facility layout and kaizen events that improved efficiency and space utilization. Finally, MTI helped SMT obtain a welder certification to reduce product liability and increase product quality.

Results:

Hired a CFO and production manager.

Increased sales 50 percent since December 2001 by employing an in-house sales force and setting sales goals.

Avoided \$2 million facility construction costs by reorganizing existing space.

Consolidated operations into its 25,000-square-foot building.

Improving efficiency and space utilization.

Added a wheelchair line that is marketed across the continental United States

Expanded marketing efforts into five new territories encompassing 18 states.

Trained five employees to become certified welders through the West Central Initiative Fund, Fergus Falls.

Testimonial:

"Minnesota Technology, Inc. has taught us about the importance of investing in our people. Every significant strategic decision we made over the last year has been somehow impacted by input from MTI. Even more beneficial has been our introduction to a network of other companies and proven consultants that we can trust and learn from. Based on the processes that MTI has helped us implement, I'm confident that we can duplicate these results as we take this company national and eventually international."

Darrin Grubb, Chief Financial Officer